

**CITY OF LAKE STEVENS**  
**Snohomish County, Washington**  
**January 1, 1992 Through December 31, 1992**

---

**Schedule Of Findings**

---

1. City Officials Should Maintain Positive Cash Balances In All Funds

Our audit disclosed deficit (negative) cash balances during the year and at year end for the following funds:

|                      | Year End Balance | Funding Agency |
|----------------------|------------------|----------------|
| 102 Arterial Street  | (\$ 79,215)      | FHWA           |
| 104 Arterial Street  | (268,251)        | FHWA           |
| 105 Street           | (4,892)          | FHWA           |
| 314 Lake Restoration | (37,357)         | DOE            |
| 315 Lake Restoration | (24,426)         | DOE            |

RCW 43.09.210 states in part:

. . . All services rendered by . . . one department, public improvement, undertaking, institution, or public service industry to another, shall be paid for at its true and full value . . . and no department . . . shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

As indicated above, the deficit balances occurred in funds that are financed mainly through state and federal assistance. The city has not filed requests for reimbursement for these projects in a timely manner, thereby causing expenditures to exceed resources available.

Deficit balances represent unauthorized interfund loans; therefore, the above funds have benefited from the financial resources of other solvent funds of the city.

We recommend that city officials comply with Washington State law and eliminate deficit cash balances by transacting authorized interfund loans and/or requesting grant reimbursement in a timely manner.